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2d Session }

SENATE

{ REPORT
No. 1642

CONTINUANCE OF LIFE INSURANCE OF DISABLED EMPLOYEES

MARCH 8 (legislative day, MARCH 6), 1956.—Ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Post Office
and Civil Service, submitted the following

R E P O R T

[To accompany S. 3237]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 3237) to provide for continuance of life-insurance coverage under the Federal Employees' Group Life Insurance Act of 1954, as amended, in the case of employees receiving benefits under the Federal Employees' Compensation Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

This bill amends section 6 of the Federal Employees' Group Life Insurance Act of 1954, as amended. Present law is continued without substantive change in subsections (a) and (b). Subsection (c) contains new language which provides that the life insurance of an employee who is receiving disability benefits under the Federal Employees' Compensation Act may be continued in force until he is held by the Department of Labor to be able to return to duty. Section 2 would make subsection (c) effective retroactively to August 29, 1954, the effective date of the Federal Employees' Insurance Act.

EXPLANATION

When an employee is disabled through no fault of his own and as a result of the disability is unable to perform his duties, he is eligible for disability compensation until he recovers. When such a disability occurs, the employee is removed from the payroll of his agency and placed on the disability roll of the Bureau of Employees' Compensation. While on the disability roll of the Bureau of Employees' Compensation, technically, he is not an employee and, therefore, is not in receipt of salary payments. The complicating factor arises out of

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the language in existing law which provides that the insurance of an employee shall cease "12 months after discontinuance of his salary payments." Under the provisions, if the disability of an employee extends for longer than 12 months, he is without insurance protection.

Subsection (c) is designed to overcome this inequity by providing that the insurance of an employee receiving disability benefits under the Federal Employees' Compensation Act shall be continued in effect so long as he is held by the Department of Labor to be unable to return to duty.

Section 2 fixes the effective date as August 29, 1954, the date on which the Federal Employees' Insurance Act became effective in order to reinstate retroactively the insurance rights of a small number of employees.

AGENCY VIEWS

This bill was discussed informally with the Civil Service Commission and the Department of Labor, both of whom were favorable to its enactment.

The report of the Comptroller General of the United States follows:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, March 7, 1956.

HON. OLIN D. JOHNSTON,
*Chairman Committee on Post Office and Civil Service,
United States Senate.*

DEAR MR. CHAIRMAN: Your letter of February 22, 1956, acknowledged February 23, requests our views on S. 3236 and S. 3237.

S. 3236 is the subject of a separate report of today under our docket No. B-83031, B-83477.

S. 3237 proposes to amend section 6 of the Federal Employees' Group Life Insurance Act of 1954 (Public Law 598, 68 Stat. 739, as amended by the act of August 11, 1955, Public Law 356, 69 Stat. 677), to permit the continuance of life insurance coverage for employees receiving benefits under the Federal Employees' Compensation Act.

Under the existing provisions of the Group Life Insurance Act, an employee receiving benefits under the Federal Employees' Compensation Act is not entitled to insurance coverage after the lapse of 12 months in a leave-without-pay status. The proposed amendment would permit the life insurance only of such an employee to continue indefinitely without cost to him as long as he is in receipt of employees compensation benefits and is unable to return to duty as certified by the Department of Labor.

S. 3237 would equalize the life insurance benefits of employees receiving compensation benefits for injury incurred or disease contracted in the Government service and employees who are retired for disability with 15 years of creditable service. As provided in the Group Life Insurance Act of 1954, the life insurance of employees of the latter class is continued without cost to him in amounts for which he would have been carried from time to time had his salary payments continued at the same rate.

The number of cases where an employee receiving compensation benefits under the Federal Employees' Compensation Act would fail to return to duty after the expiration of 12 months should be relatively few and we understand that the Civil Service Commission does not anticipate there will be any appreciable effect on the present cost of the group insurance. Accordingly, we see no objection to the enactment of S. 3237.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

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CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 6 OF THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

(a) Each policy purchased under this Act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission. **[except that]**

(b) If upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and **[(a)]** (1) his retirement is for disability or **[(b)]** (2) he has completed fifteen years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required fifteen years provided the employee has completed at least five years of civilian service.

(c) *If upon such date as the insurance would otherwise cease the employee is receiving benefits under the Federal Employees' Compensation Act because of disease or injury to himself, his life insurance may, as provided in subsection (b), be continued during the period he is in receipt of such benefits and held by the United States Department of Labor to be unable to return to duty.*

